CONFIDENTIAL

P Rpts audit Hg

18 APR 1980

MEMORANDUM FOR: Chief, Audit Staff

VIA: Inspector General

FROM: James H. McDonald
Director of Logistics

SUBJECT: Report of Audit, Procurement Division,
Office of Logistics

REFERENCE: Memo for D/L fm C/AS dtd 3 Mar 80, Report
of Audit, PD, for the Period 1 Nov 76 -
31 Dec 79 (OL 0-1043)

1.   This memorandum responds to findings and recommenda-
tions concerning the operation of the Procurement Division,
Office of Logistics (PD/OL) as set forth in the referent.

Recommendation 1:   Consider establishment of a contract
settlement branch.

Comment:

a.   This Office recognizes the need to focus on the
contract settlement process.   Our present personnel
resource constraints dictate that we attempt to manage
this activity within Procurement Division's existing
organization.   To that end, PD/OL was tasked with a
management objective of settling all contracts within
six months subsequent to completion of work or, where
applicable, within six months from receipt of a final
contract audit report.

b.   The baseline and procedures to accomplish this
task were finalized in January 1980.   Between January
and March 1980, the Division settled (closed out) 183
contracts.   Additionally, 448 contracts were transferred
to contract completion status (i.e., in-process-of-
settlement).   As of 31 March 1980, PD/OL had 1,168
contracts that fall within the contract settlement
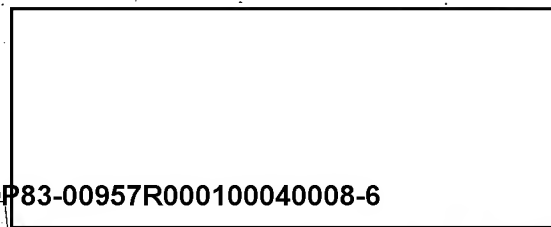
25X

CONFIDENTIAL

SUBJECT: Report of Audit, Procurement Division, Office
            of Logistics

management objective. It is anticipated that the rate
of contract settlements will accelerate during the
balance of fiscal year 1980 as the new settlement
procedures take effect. In the event the Division is
unable to accomplish this objective, while at the same
time performing other essential functions, I will
reconsider the alternative of establishing a contract
settlement branch.

Recommendation 2: Determine the disposition of
missing contract files.

Comment: A diligent search was made within the Procure-
ment Division and the seven contract files were located.
The audit points up an area of current management
concern; i.e., the difficulty in controlling official
files. PD/OL has, as one of its Management Objectives,
the design, development, and implementation of an
efficient records management system. This system will
ensure that official files can be accessed expeditiously
and controlled with minimum use of professionals' time.

Recommendation 3: Require reimbursement to the Agency
for non-official use of the Agency vehicle assigned to
the

25X1

Comment: The operational and security aspects of
                                     dictate that the official
vehicle must be removed from   each night.
It is my belief that the intent of   Reimburse-   25X1
ment for Use of Agency Vehicles, is to prevent an   25X1
employee from taking an unjust advantage of his official
position. Such a situation is not present in this case.
Chief,   is required to proceed from his residence to
various locations and at various times in the conduct
of official business. Parking the vehicle at a neutral
location is infeasible because the size of the Staff
requires the most effective use of this individual's
time; and further, given the economic environment in the
local geographic area, commercial parking may raise
unwarranted curiosity. For the above reasons, I have
determined that Chief,   must operate this vehicle in   25X1

25X1

25X1

25X1

2

CONFIDENTIAL

SUBJECT: Report of Audit, Procurement Division, Office
           of Logistics

a quasi-personal manner. He does not utilize the
vehicle for personal or non-official business.   It is
my belief that requiring reimbursement for travel
between this individual's residence and his office
would be inequitable.

2.   I appreciate the observations provided by your Staff
concerning the operation of the Procurement Division.   It is
my goal to ensure that the support rendered by the Office of
Logistics is responsive to this Agency's needs and is of the
highest professional caliber. Your reports have materially
assisted OL in its efforts to achieve this goal.

                                    /s/ James H. McDonald

                                    James H. McDonald

cc: DD/A
      IG

Distribution:
   Orig - Addressee
      1 - OL/P&PS Official
      1 - OL/PMS
      1 - OL Files
      1 - D/L Chrono
      1 - OL/PD
      1 - OL/PD Chrono